

SSBCI FAQs to SSBCI RFQs: Micro Lending Program (MLP) & Seed Capital/Venture Capital Programs (VC)

Posting Date: 4/25/2022

- 1. If a for-profit fund has an investment committee that makes all investment decisions for the fund and the committee members have also personally invested in the fund, can the fund invest in a company that an investment committee member previously personally invested in? Can the investment committee members invest in a company individually alongside the fund?**

A. SSBCI funds may not be used to invest in a company where an SSBCI insider (investment committee member) has a financial interest. The investment committee member referenced in the above scenario is considered an SSBCI insider. If SSBCI funds are invested into a company, any person considered an SSBCI insider (investment committee member) cannot privately invest in that company in the same round.

- 2. Can LED provide a breakdown of the anticipated timelines and ranges of funding available for each tranche through the SSBCI venture capital/seed program? (posted 4/22/22)**

A. The U.S. Department of Treasury SSBCI guidance states that tranching and deployment of SSBCI funds to state jurisdictions will be received in three disbursements of the main capital funds allocation according to the following schedule; 33%, 33% & 34%.

The SSBCI guidance further provides that the transfer of the first 33 percent will occur promptly following the receipt of the fully signed Allocation Agreement with the U.S. Department of Treasury once the state jurisdiction's SSBCI application is approved.

- 3. Can LED provide us with further information regarding the technical assistance funds that treasury will allocate alongside these funds? If this information is not currently available, when is the anticipated release date? Who will qualify to receive these funds? What is the use case of the technical assistance funds? How many rounds of technical assistance funding will be provided? What amount of funding will Louisiana be allocated? (posted 4/22/22)**

A. The Department of U.S. Treasury has not released guidance nor the application related to SSBCI Technical Assistance but has stated that it is soon to come.

- 4. Does a UCC-1 lien on business assets qualify as collateral under the Micro Lending Program (MLP)? Additionally, may you please provide examples of acceptable collateral under the MLP. (posted 4/22/22)**
- A. Under the Micro Lending Program (MLP), the lender will determine acceptable collateral based on its internal credit policies; but, in no instance shall collateral include stock in the applicant company and/or related companies nor the applicant's personal residence. Collateral position shall be negotiated but will be no less than a sole second position.
- 5. Fund Raising section of the RFQ asks for "Expected closing amount and date." How is this defined? (posted 4/22/22)**
- A. The expected closing amount is the expected size of the fund monetarily; i.e. \$10 million, \$50 million, etc. on the closing date. This would include all cash and commitments for the fund. If the application is for an evergreen funded with donations, please state the total expected capital (SSBCI and private capital); further, please provide the fund closing date if known.
- 6. We understand from the FAQs that LED will not be a voting member of the Seed or VC fund. However, will LED require any membership and/or equity stakes in the investments? (posted 4/22/22)**
- A. LED shall be treated the same as other investors in the fund. For example, if the other investors are limited partners, then LED must also be a limited partner.
- 7. Must seed or venture funds be formed at the time of submission of the SSBCI application, or may they be formed following notice of the award? (posted 4/22/22)**
- A. No, the fund does not have to be formed prior to submitting the SSBCI application; however, the application should include the phase of the fund, all requested information, and include the projected closing date. It is the intent of LED to host more than one round of equity funding under the SSBCI Program.
- 8. If we were to use an existing investment fund as the Firm seed or VC fund, can we segregate the existing funds and investments from the new FIRM/LED SSBCI investment funds, so that LED does not have a stake in existing or previous deals and monies? (posted 4/22/22)**
- A. The fund can be structured in such a manner to allow for a *sidecar fund* to make direct investments along with the existing fund.

9. The Seed/VC Programs RFQ states that the "Method of LED's Investment" into a qualified fund must be the same as the other investors in that fund. Does this mean the LED needs to be a Limited Partner in the same entity? Or, for accounting purposes, may we create a parallel fund with only SSBCI dollars in it and managed by the same management company that manages other private dollars? (posted 4/22/22)

A. LEDC will accept submissions with either approach, as long as it meets the requirements of the RFQ. The method is in reference to cash, commitment, and/or cash and commitment. If LEDC is to be a Limited Partner, it must be on equal footing as other limited partners.

10. I understand the 4:1 and 1:1 match is on the fund level. On the investment level, do dollars deployed have to match a 4:1 or 1:1 ratio? I.e. If we make a \$100,000 investment using SSBCI funds, do we (one of our funds) have to match with another \$100,000/\$400,000 in private non-SSBCI dollars? Or may we invest any combination or only SSBCI dollars when making an investment into an investee company that is also receiving investment from other private investors (so that it's not ONLY our SSBCI dollars going into a round). (posted 4/22/22)

A. Each company investment can have a combination of private capital from the fund and other investors. It does not have to be a 4:1 or 1:1 ratio, but can't be 100% SSBCI. The fund and other investors must have some amount of private capital at risk. (In SSBCI 1.0, SSBCI could not be more than 80% of the invested amount.)

11. Can the money could be invested in a non-profit entity; if we have a fund and identify a non-profit we want to invest in can we give that money to the non-profit? Or does it have to be a for-profit entity? (posted 4/22/22)

A. SSBCI funds can be invested into a non-profit entity as long as the entity has a business purpose, i.e. daycare center.

12. The language in the FAQ around the 1.71% Service Fee refers to an "annual average". Can you confirm if this is a one-time service fee or an annual service fee; if annual is it throughout the life of the fund? (posted 4/22/22)

A. The 1.71% service fee must be for services that the fund offers to invested companies and documented each year. The service fee shall be equal to or less than 1.71% annually on the SSBCI funds invested into the Seed/VC Fund. For example: if the fund has a term of 10 years with \$5 million SSBCI invested into the fund, then the annual fee should average \$85,500 (\$5,000,000 X 1.71%). The total fees over the 10-year term of the fund must not exceed \$855,000.

LED has requested additional information from the U.S. Treasury regarding guidelines on service fees, especially in regards to non-profit, evergreen funds.

13. Will LED have any membership or voting rights in the seed or venture fund? (posted 4/22/22)

A. A. LED can be a non-voting limited partner of the fund.

14. From what base is the 1.71% service fee calculated; percentage under management, LED portion of the fund, amount of funds invested, or some other base? Also, what frequency will this fee be charged to the fund? Monthly, Quarterly, or Annually? (posted 4/22/22)

A. The amount of the SSBCI funds that may be used as a service fee is calculated at 1.71% of the SSBCI funds invested into the fund. For example, if LED invested \$7 million SSBCI dollars into the fund, then the annual average service fee would be \$119,700 (\$7,000,000 X 0.0171). The service offered to the invested company must be documented and be available to all investments. Program participation and/or funding agreements will provide all details of the SSBCI Seed/VC fund.

LED has requested additional information from the U.S. Treasury regarding guidelines on service fees; regarding non-profit, evergreen funds and frequency of the service fee.

15. Regarding section 1.4, “Nature of Services – Venture Capital Fund”, led by a for-profit entity with the \$4:\$1 match: Is the expectation that the match amount in excess of the federally required \$1:\$1 match to also be invested in Louisiana- based companies? For example, if we raised a \$50 million fund, with \$10 M from LA SSBCI, that we matched with \$40 million in investments for a Gulf South regional fund, would we be required to invest the entire \$50 million in LA companies, or would we only be required to invest \$20 million in Louisiana companies (e.g. \$10 M from LA SSBCI and \$10 M of matched dollars) and the remainder in the broader geographic footprint of the fund? (posted 4/14/22)

A. The \$4:\$1 match is only required on the fund level. Investments that include SSBCI funds may be used for out of state investments, after approval by LED. SSBCI funds need to be accounted for separately from the private capital of the investment fund to ensure compliance with U.S. Treasury guidelines. On each investment, SSBCI funds can only be a part of the round of funding, private capital (either from the fund or other investors) will account for the remaining amount of the round. Follow-on investments with or without SSBCI are encouraged and allowed if they meet the requirements established per the funding agreement and U.S. Treasury guidelines.

16. For the privately raised investments to count towards the match, does it need to be in the same form as the SSBCI investment? For example, if the LA SSBCI investment is \$10 M of equity, can we match that with \$10 M of equity privately raised, plus \$30 million of privately raised debt?

(posted 4/14/22)

- A. On the fund level, private capital (either committed or cash) is used to match the SSBCI funds. On an investment level, SSBCI and private capital must be pari passu in any equity and/or debt transaction into an investment company.

17. Would the LED be open to a structure, where the LED would have decision making control at the deal level? (posted 4/14/22)

- A. No, LED will not hold a voting place on the investment committee or fund board. Fund managers will establish committees and manage all investments.

18. Can the SSBCI funding be used to fund early stage non-profit entities, or non-profits at all? If so, are there specific stipulations associated with this? For example does it have to be in the form of a PRI (Program Related Investment) as opposed to a grant? (posted 4/14/22)

- A. Funds may be either non-profit or for-profit and must identify how it is organized. The Seed Capital program is aimed toward start-up and early stage investments. Program participation and/or funding agreements will address all aspects of the transactions. The applicant's submission should include the goal of the fund and the type of investments the fund will be making.

The fund may provide equity through the purchase of common stock, preferred stocks, partnership rights or any other equity investment. Additionally, it may mean debt positions, which may act as equity or have equity features such as subordinated debt, debentures or other such instruments used in conjunction with features intended to yield significant capital appreciation.

19. We are exploring the opportunity to take internal innovations and grow them as a separate entity from ours. This could be in a variety of arrangements from a wholly owned subsidiary to a complete spinout for-profit entity to ours that we are invested in with other external investors. Can you provide guidance on how the funding could be used or not for this purpose? (posted 4/14/22)

- A. LED is open to evaluate any fund organization as long as it meets the qualifications and requirements listed in the RFQ for SSBCI Venture Capital Programs/Louisiana Seed Capital Program. Program participation and/or funding agreements will address all aspects of the transactions.

LED will evaluate venture capital funds, angel funds, and non-profit organizations with associated funds to support private financing to Louisiana small businesses and businesses in underserved communities impacted by the COVID-19 pandemic. Each submission must contain a business plan, marketing plan to promote growth, the fund's fundraising abilities, activities, and success, along with all other requirements listed in the RFQ.

20. Through a recent acquisition, we have an affiliation with another investment body through our Foundation arm. If the Foundation and investment body were to both submit an application would that be considered two separate applications or the same? (posted 4/14/22)

- A. Each separate fund should submit a separate submission if they each meet the qualifications stipulated in the RFQ for SSBCI Venture Capital Programs/Louisiana Seed Capital Program, Section 1.6 Required Qualifications – Funds. Each submission will be evaluate separately; therefore, each submission must contain all required information for that fund.

21. Can a non-profit fund, which previously qualified under the 2014 SSBCI program, use the value of its portfolio as a \$1 for \$1 “match?” (posted 4/14/22)

- A. The value of the portfolio may be used to meet the minimum of \$2.5 million under management. However, the \$1 for \$1 match must be funds privately raised or committed. If the previous SSBCI funds to be consider as a match to meet the requirement have not been recycled in a non-profit fund, they are not consider as private capital.

22. Can “in-kind” services provided to a non-profit fund qualify as a \$1 to \$1 match? (posted 4/14/22)

- A. A match must be committed capital and/or cash. “In-kind” services are not considered cash for a match.

23. For a for-profit seed capital fund raising less than \$5M, is the match \$1 for \$1? (posted 4/14/22)

- A. A qualified or eligible fund may receive an investment equal to \$1 of LEDC funds for each \$1 of funds privately raised by the applicant fund. The maximum total dollar amount of an LEDC investment in an eligible fund shall not exceed \$5,000,000.

24. Will the funds coming from the state, subordinate to the lender funds? (posted 4/14/22)

- A. These details will be provided in the loan participation agreement for the MLP.

25. How to determine CDFI Investment Area? (posted 4/14/22)

- A. Go to the CDFI Fund website at www.cdfifund.gov/cims3

- Choose CDFI program and a map will populate;
- Under the filter for “LAYERS” in the top left portion of the site, ensure you have selected “2015 CDFI Tract”.
- At the top left, enter the address and click Enter. Select the correct address from the drop down and a map including your address will appear.
- If the address is in a CDFI Investment Area, it will be shaded green.

26. Would LED consider something greater than a 50% participation?

(posted 4/14/22)

- A. The maximum participation under the SSBCI MLP is 50%.

27. Whereas the lender could provide a much more favorable rate if all interest were retained by the lender, does LED expect to receive interest on their participation from loan payments? (posted 4/14/22)

- A. It is LED’s intent to allow the lender to retain the interest portion of each loan repayment for servicing the loan.

28. For the jobs retained requirement, does that mean that without the funding, the business is in danger of downsizing or closing? Also, will this requirement simply require certification from the company? (posted 4/14/22)

- A. The jobs retained requirement is simply capturing those existing full time employee positions as of the date of the either investment or loan application for all LED SSBCI Programs, which remains continuously filled as a result of the SSBCI funding. Yes, the retained job numbers are certified by the company at the time of application and it is LED’s intent to provide a sample reporting form with the program agreements for each respective SSBCI RFQ, Seed/VC and MLP.

29. Can CDFIs participate in multiple programs? (posted 4/8/22)

- A. Yes, but each program participant may not duplicate benefits.

30. Is there a list of CDFIs in each region? (posted 4/8/22)

- A. The CDFI Fund’s list of investment areas can be found at <https://www.cdfifund.gov/programs-training/certification/cdfi>.

31. How do I get a list of approved lenders? (posted 4/8/22)

- A. Approved lenders for the MLP will be listed on the LED website after approval in the RFQ process.

32. How do I get a list of approved investors? (posted 4/8/22)

- A. The Seed and VC firms will be listed on the website after approval in the RFQ process.

33. What is the loan max? Per borrower or entity? Per use of funds?

(posted 4/8/22)

- A. The maximum MLP loan is \$100,000. The aggregate outstanding amount of \$500,000 for any enrolled loans or loans of a borrower or any common enterprise in which the borrower has an ownership interest.

34. Can a borrower participate in multiple programs? (posted 4/8/22)

- A. Yes, a borrower can participate in multiple programs but cannot have a duplication of benefits; therefore, there must be documentation establishing a different business purpose for each transaction.

35. How do I opt in? (posted 4/8/22)

- A. The opt in period ended on March 25, 2022. Interested parties can retrieve SSBCI RFQ information at www.opportunitylouisiana.com/RFQ.

36. What happens after the 10 year program? (posted 4/8/22)

- A. Program participation and/or funding agreements will address all aspects of the transactions.

37. Is there an interest rate cap? (posted 4/8/22)

- A. As per the SSBCI guidance, at the time of obligation, the interest rate shall not exceed the lesser of the National Credit Union Administration's (NCUA) interest rate ceiling, which is established by the Federal Credit Union Act (FCUA), which is established by the Office of the Comptroller of the Currency (OCC) or applicable State legislation that may be enacted.

38. Is collateral required under the SSBCI MLP? How much? (posted 4/8/22)

- A. Based on a lender's normal lending policy and criteria, the value of the borrower's collateral shall be determined.

39. Reporting requirements? (posted 4/8/22)

- A. The reporting requirements will align with that required by the U.S. Treasury under the SSBCI Program and will be outlined in the program participation/funding agreements.

40. What happens if a loan defaults? (posted 4/8/22)

- A. Loan default provisions will be provided in the MLP loan participation agreement.

41. Are start-ups allowed? (posted 4/8/22)

- A. Start-ups are allowed for both SSBCI Micro Lending and Seed/Venture Capital Programs provided the business meets all other program requirements.

42. How are start-ups defined? (posted 4/8/22)

- A. Start-ups are defined as a business in the early stages of operations (less than three (3) years).

43. Is there a job creation requirement? (posted 4/8/22)

- A. The minimum job requirement is 1 new job created or retained.

44. Do the lenders have “desk approval authority” or will LEDC need to approve and review each loan? How long is this process? (posted 4/8/22)

- A. Lenders will underwrite loans up to the maximum loan amount. The Lender will submit a complete Micro Lending Program Enrollment Application to LEDC for its review and acceptance as an enrolled loan, or enrolled line of credit. An approved loan will be enrolled in the lender’s revolving loan fund. The loan enrollment process can take up to ten (10) business days, depending upon size and complexity.

45. Is there an LEDC program or application fee for the SSBCI Micro Lending Program? (posted 4/8/22)

- A. The application fee is \$100 but may be waived at the discretion of LEDC.

46. Can a lender charge fees for an SSBCI loan? (posted 4/8/22)

- A. The program fee for loans less than \$25,000 may be up to \$500; whereas, program fees for loans greater than \$25,000 will be capped at 2%, unless waived by LEDC.

47. What types of business activities are ineligible? (posted 4/8/22)

- A. The following business activities are ineligible to participate in SSBCI debt and equity programs; businesses engaged in:
- Speculative real estate
 - Lending activities
 - Pyramid sales
 - Activities prohibited by federal law or local jurisdiction
 - Gambling

48. Can a borrower qualify for a loan if they do not have collateral? (posted 4/8/22)

- A. Each SSBCI MLP participating lender will underwrite and structure each loan based on the qualifications of the borrower using the lender’s credit policies. However, loan transactions \$50,000 - \$100,000 shall require collateral.

49. What is an acceptable eligible business purpose? (posted 4/8/22)

- A. An acceptable eligible business purpose includes, but is not limited to, start-up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes.

50. What types of businesses are eligible to participate? (posted 4/8/22)

- A. Businesses that may qualify for these loan programs are entities that carry on a business activity for profit or non-profit in Louisiana, including:

- For-Profit Corporation
- Limited Liability Company
- Partnership
- Joint venture
- Sole proprietorship

51. What is a Socially & Economically Disadvantaged Individual (“SEDI”) owned business? (posted 4/8/22)

- A. SEDI is any of the following:

- 1) business enterprises that certify that they are owned and controlled by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances, due to their (2) membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society; gender; (3) veteran status; (4) limited English proficiency; (5) physical handicap; (6) long-term residence in an environment isolated from the mainstream of American society; (7) membership of a federally or state-recognized Indian Tribe; (8) long-term residence in a rural community; (9) residence in a U.S. territory; (10) residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization); or (11) membership of another “underserved community” as defined in Executive Order 13985;
- (2) business enterprises that certify that they are owned and controlled by individuals whose residences are in CDFI Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii);
- (3) business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii); or
- (4) business enterprises that are located in CDFI Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii).

52. How does a small business self-certify if they are a SEDI? (posted 4/8/22)

- A. A certification form will be provided upon the closing of each transaction. Businesses will be permitted to identify all the categories in item (1) to (3) that apply, including all of the subcategories in item (1) that apply. For item (1) no documentation or verification is needed. For items (2) or (3), the certification form must include the address of the primary residence or location in the CDFI Investment Area.

53. How is Very Small Business (VSB) defined? (posted 4/8/22)

- A. A VSB means a business with fewer than 10 employees at the time of the loan, investment, or other credit/equity support, and includes independent contractors and sole proprietors. A business that has 10 or more employees following an SSBCI transaction will not be considered a VSB for purposes of subsequent loans or investments.

54. What is a CDFI Investment Area? (posted 4/8/22)

- A. Per CDFI: A CDFI Investment Area is defined as a geographic unit (or contiguous geographic units), such as a census tract, located within the United States, that meets at least one of the following criteria:
- Has a population poverty rate of at least 20 percent;
 - Has an unemployment rate 1.5 times the national average;
 - For a metropolitan area has a median family income (MFI) at or below 80 percent of the greater of either the metropolitan or national metropolitan MFI;
 - For a non-metropolitan area that has an MFI at or below 80 percent of the greater of either the statewide or national non-metropolitan MFI;
 - Is wholly located within an Empowerment Zone or Enterprise Community; or
 - Has a county population loss greater than or equal to 10 percent between the two most recent census periods for Metro areas or five percent over last five years for Non-Metro areas.

55. Can the LEDC investments be reinvested once exited? (posted 4/8/22)

- A. Program participation and/or funding agreements will address all aspects of the transactions.

56. Are foreign investments eligible? (posted 4/8/22)

- A. The origin of the dollars (foreign or domestic) does not matter for purposes of determining whether the funds are “private” for SSBCI purposes. “Private financing” means private financing across all approved state programs and includes all loans or investments from a private source to an eligible borrower or eligible investee, whether occurring at or subsequent to loan or investment closing (subject to

certain restrictions to be set forth in the Funding Agreement regarding permissible types of subsequent private financing), and whether funded or unfunded. It encompasses equity investments, written commitments of future equity investments, term loans, lines of credit, and any new infusions of cash by the small business owner into the borrower.

57. How would a PE and non-profit report investments for tax purposes?

(posted 4/8/22)

- A. SSBCI Program participation agreements and/or funding agreements will address all aspects of the transactions.

58. How long is the approval process once the RFQ submission is submitted?

(posted 4/8/22)

- A. The Louisiana Economic Development Corporation (LEDC) Board of Directors (BOD) will provide final approval to all SSBCI RFQ submissions. The anticipated date to gain LEDC BOD approval is tentatively set for June 9, 2022. Please note that any change to this date of anticipated final approval will be posted to www.opportunitylouisiana.com/RFQ.

59. Are investments in crypto related activities allowed? (posted 4/8/22)

- A. Businesses engaged in speculative activities are not permissible under SSBCI. A business engaged in speculative activities that profit from fluctuations in price, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business or through the normal course of trade.

60. How does the min & max apply to incubators? (posted 4/8/22)

- A. The Incubation Funding Model involves an investment program in which the state contributes SSBCI capital to a fund. Any fund that provides investment capital to portfolio companies and meets all applicable SSBCI requirements (including the investment size limit, requirement to directly or indirectly provide incubator-like services to all companies in the fund's portfolio, and the necessary experience and track record in early-stage investing) can qualify under the Incubation Funding Model. Under this model, an offer to private investors is a call option, which allows private investors to buy the SSBCI shares or other securities, such as convertible notes, at cost or at a predetermined higher-than-cost multiple.

To participate, the investment must be a qualifying investment with the following attributes:

- The investment must be the first SSBCI investment in a company, raising early-stage capital, up to \$125,000 per company (with a maximum round of \$375,000);
- The state conducts robust due diligence on the venture capital fund or early-stage investor, including (but not be limited to) ensuring that: (1) the investor has experience and a track record in early-stage investing and

understands the early-stage investment process; and (2) the investor has a history of directly or indirectly providing incubator-like services; and

- The available incubator-like services must be equally accessible to all portfolio companies.

61. Is the 1.71% a management fee or a service fee? (posted 4/8/22)

- A. SSBCI allows a 1.71 percent service fee for the diverse services offered to its portfolio companies (i.e., the potential SSBCI investees). These services can include; for example, financial management, operational guidance, IT consulting; as well as, connecting portfolio companies to potential customers, investors, board members, and officers. These services vary depending on the portfolio company's stage in the venture capital ecosystem. As these services to portfolio companies are a type of equity support, SSBCI funds, out of the federal contribution, may be used to pay for such support up to an annual average of 1.71 percent of the federal contribution to a venture capital fund over the life of the state's venture capital program.

62. What is Pari passu? (posted 4/8/22)

- A. In a private equity deal, pari passu describes when a right or obligation associated with a class of stock or investors (for example, the right to receive dividends or the obligation to make capital contributions) applies equally to more than one category of shareholders. (www.upcounsel.com)

63. Is the SSBCI Micro Lending Program a forgivable loan? (posted 4/8/22)

- A. The SSBCI Micro Lending Program is not a forgivable loan.

64. I am a certified CDFI, do I still have to submit all the SSBCI Micro Lending Program RFQ information? (posted 4/8/22)

- A. Yes, all interested lenders are required to submit an SSBCI Micro Lending Program RFQ.

65. Are there any forms to complete to submit this information? (posted 4/8/22)

- A. There are no specific forms to be complete for consideration under either the SSBCI Micro Lending Program RFQ or the SSBCI Seed/Venture Capital Programs RFQ. The responses to the requested information will considered the application.

66. What is the final date to submit the SSBCI RFQ information? Is this the actual deadline? (posted 4/8/22)

- A. The final date to submit an application for either SSBCI RFQ is Friday, April 29, 2022. Any change to this date will be posted at www.opportunitylouisiana.com/RFQ.

67. What is the final date to submit inquiries about the SSBCI RFQ?

(posted 4/8/22)

- A. The final date to submit inquiries regarding the SSBCI RFQs is Friday, April 22, 2022. Any change to this date will be posted at www.opportunitylouisiana.com/RFQ.

68. Can non-Louisiana lenders and investors participate in the SSBCI RFQ?

(posted 4/8/22)

- A. Non-Louisiana lenders may not participate in the SSBCI Micro Lending Program RFQ.
- B. Non-Louisiana investors may participate in the SSBCI Seed/Venture Capital Programs RFQ.

69. Can non-Louisiana small businesses participate in the SSBCI LED Programs? (posted 4/8/22)

- A. No, the businesses being serviced by the LED SSBCI Programs must be based in Louisiana.

70. Is an applicant required to submit all the requested RFQ information to be considered? (posted 4/8/22)

- A. Yes, in order to be considered as a candidate for either the Micro Lending Program or Seed/Venture Capital Programs, an applicant must submit all of the requested RFQ information for the respective program in which they are seeking consideration for participation.

71. Does the SSBCI Insider guidelines apply to spouses, family members (brothers, sisters, sons, daughters)? (posted 4/8/22)

- A. For Seed or VC, SSBCI funds may not be used by SSBCI venture capital programs to make or support investments in a company or venture capital fund if an SSBCI insider, or a family member or business partner of an SSBCI insider, has a personal financial interest in the company or venture capital fund.

For MLP, the borrower must not be — (aa) an executive officer, director, or principal shareholder of the financial institution lender; (bb) a member of the immediate family of an executive officer, director, or principal shareholder of the financial institution lender; or (cc) a related interest of any such executive officer, director, principal shareholder, or member of the immediate family.

72. Can a person donate funds to cover operational expenses, sit on an investment committee, not sit on the board, and invest privately along with the fund? (posted 4/8/22)

- A. The person can donate funds but cannot invest along with the fund if on an investment committee, since a SSBCI Insider is:

- Person who, in the 12 month period preceding the date on which SSBCI support for an investment in a fund or company is closed or completed:
 - Was:
 - a. Manager or staff member in the SSBCI program;
 - b. Governmental official with direct oversight or jurisdiction over a SSBCI program, or official's immediate supervisor;
 - c. Member of BOD or similar body that operates a SSBCI program; or
 - d. Employee, volunteer, or contractor on an investment committee or similar body that recommends or approves SSBCI investments under SSBCI program;
or
 - Exercised a controlling influence on state decisions regarding:
 - a. Allocation of SSBCI funds;
 - b. Eligibility criteria for SSBCI programs; or
 - c. Processes for approving investments of SSBCI funds under SSBCI programs.

73. Can a board member recuse themselves from specific investment discussions or disclose their participation and remain on the board?
(posted 4/8/22)

- A. A prohibited conflict of interest is deemed to exist even if the conflict is disclosed or the relevant individuals recuse themselves from participating in the investment.

74. Can a non-profit fund that has a backlog of deals waiting for funding go ahead with deals prior to a funding agreement being executed?
(posted 4/8/22)

- A. An investment cannot be considered funded with SSBCI funds if it occurs prior to an executed funding agreement and the actually receiving of SSBCI funds.

75. Can an individual classified as a SSBCI insider when SSBCI funds are invested, make an investment in a later series in which SSBCI funds are not invested? (posted 4/8/22)

- A. Yes, the individual will be able to invest in later rounds or series with the understanding that SSBCI funds will not be invested in those follow-on rounds.

76. Are there any special formatting required or page limitations? (posted 4/8/22)

- A. No, there is not special formatting requirements nor page limitations to the RFQ submissions.

77. The applicant is the managing member of an existing fund, which it intends to use as the SSBCI Seed Capital Fund. The applicant is the managing member for other funds as well, with a combined \$13M under management. Is it allowed to use existing funds or to combine existing funds to meet the under-management requirements? If so, does this satisfy the opening fund requirements without the \$500,000 in investments? (posted 4/8/22)

- A. If the applicant member manages multiple funds that have a combine total exceeding \$2.5 million, the \$500,000 in investments is not required.

78. Item 1.7 in the Seed/VC Program RFQ: The 4 types of business are joined by “and” indicating that all criteria must be met for each investment. Is this the case, or may each investment meet only one or more of the requirements? (posted 4/8/22)

- A. The RFQ request the fund to target these 4 types of businesses, but LED understands that investments may not meet all 4. The only 2 types that must be met are:
- Average business size of 500 or less, which meets the small business definition; and
 - Businesses located in Louisiana or local region, since LED will administer these programs.

Investments into socially economically disadvantaged individual-owned business and very small businesses are strongly encouraged and will assist LED to possibly receive additional funds for these programs.

79. Are their specific criteria for the program such as loan size, pricing and terms? (posted 4/8/22)

- A. Loan size under the MLP may range from \$1,000 - \$100,000, with all loans \$50,000 - \$100,000 required to be collateralized.
- B. The lender will reference its internal credit and loan policies to underwrite and structure the loan providing a maximum loan term of 5 years.
- C. The lender will establish the interest rate but the interest rate shall not exceed the lessor of the National Credit Union Administration’s (NCUA) interest rate ceiling, that which is established by the Federal Credit Union Act (FCUA), that which is established by the Office of the Comptroller of the Currency (OCC) or applicable State legislation that may be enacted.